

19 DEC 1958

MEMORANDUM FOR: The President

SUBJECT : Profit-Sharing Practices of US Firms
Operating in Venezuela

The 50-50 formula for sharing net profits between the US-owned oil companies and the Venezuelan government, established in 1948, was designed to guarantee the government at least 50 percent of the profits of oil and other extractive industries. Through the application of all revenue and exchange measures, Venezuela now receives about 56 percent of the net income of the oil industry. The two US-owned iron mining companies in Venezuela are also subject to the profit-sharing formula. President-elect Betancourt is committed to seek a higher share of company profits for the government. He seems to favor a formula closer to 60-40 rather than to 75-25 advocated by some pressure groups.

SIGNED

ALLEN W. DULLES
Director

Atty. Distribution:

Orig & 1 - Addressee

2 - DCI

1 - DDCI

1 - DD/I

1 - AD/CI

2 - D/West